

Innovative Funding Sources for Transit

September 10, 2012

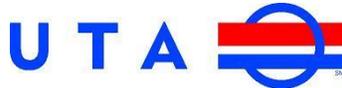


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1. Introduction

As part of the Leadership APTA Class of 2012, the Innovative Funding Team has examined non-traditional funding sources that are being used by transit agencies to fund ongoing operations and maintenance (O&M) and ongoing capital needs, in addition to new or expansion projects. As discussed below, a key goal of the project is to identify state and local funding sources that are less dependent on the economic climate than sales taxes. The team has researched innovative funding sources, and surveyed transit agency leaders about their agency's non-traditional sources of revenues, creative funding partnerships, implementation issues, and the role that agency leaders see these funding sources playing in the future.

Innovative Funding Team

The Innovative Funding Team is made up of the following individuals:

- Jessie Carter, Denver Regional Transportation District, Manager, Service Planning and Scheduling
- Alma Haskell, Utah Transit Authority, Grants Development Administrator
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- Jennifer Mitchell, Parsons Brinckerhoff, Principal Consultant - Strategic Consulting
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Purpose of the Study

The goals of the project include the following:

- Identify non-traditional funding sources that have been used for O&M and ongoing capital needs, in addition to new projects;
- Look beyond commonly-used sources, such as state and local general funds, fare revenues, sales taxes, or advertising revenues; and
- Describe non-transit funding sources, as opposed to debt financing tools which are used to leverage (such as public-private partnerships or innovative loan programs).

Methodology

The Innovative Funding Team conducted research on potential funding sources being used by transit agencies in the United States. This research included industry articles, conference presentations, reviews of agency budget information, and discussions with industry experts in transportation finance. From this research, the team developed an initial list of non-traditional funding sources that have been used by transit agencies, which could be used as the basis for a survey with transit General Managers (GMs).

Survey Respondents

The Innovative Funding Team contacted 12 transit agencies that were located in different geographic regions of the United States, and ranged in size from small to large. In addition, the organizational age and complexity included both new and older agencies operating bus, rail, or a combination of both.

The team also used data from the National Transit Database (NTD) to help identify agencies to contact. The database lists the sources of funding used by all transit agencies that are required to submit information, including federal, state, local, and other sources. The team identified agencies that had a high ratio of funding from the ‘other’ sources category compared to their total funding, which indicated that they used non-traditional sources of revenue. As a result the team identified several additional systems for interviews.

The survey was conducted with agency chief executives and/or their designated agency representatives between April and June 2012. The survey was either completed through an internet-based survey tool (SurveyMonkey.com) or through phone interviews conducted by Innovative Funding Team members. See Figure 1 for a listing of the agencies that were interviewed for the survey.

Figure 1. Transit Agency Survey Respondents



What did we ask?

The survey included the following questions:

- What innovative funding practices have you tried and how successful were these efforts?
- How much funding have you been successful at acquiring from each of the methods you indicated using in the question above?
- Was the funding you obtained tied to a specific purpose?
- Please indicate the amount of funding you obtained from each source of funding.

- Please describe any challenges you have had with implementing the methods above and what lessons you have learned.
- Have you entered into partnerships with other non-transit organizations for funding purposes?
- If so, which organizations have you partnered with and how helpful were they using the scale below.
- If you selected state government partnerships, please indicate which branch of the state government in the field below.
- If you have engaged in a partnership as described above, please provide more information about the partnership using the space below.

2. Current Funding Challenges for Transit

The need for new funding sources is driven by several current challenges:

- Limited state and federal funds: While the dollar amount of federal funding supplied for transit is as high as it has ever been, the need for operating, maintaining, and expanding transit is also very high. In the current political environment, the funding for transit is likely to remain steady as it has in the Federal surface transportation bill MAP-21, or could even decrease, which has happened to some degree with the elimination of congressional earmarks. The funding need is larger than the availability of funds.
- Volatility of sales taxes, which are tied closely to economic activity: Many agencies are working with revenues well below what was projected prior to 2008. These results of this current recession show the need to diversify funding sources, adding some that are less dependent on these market forces.
- Challenges in raising fares: When economic activity decreased, gas prices increased the need for transit increases and the ability of customers most affected by economic challenges made it difficult to make up agencies decreased revenues with fare increases.
- Increasing operating costs: The availability of local funding sources for operations is not keeping pace with the growth in funding needs. O&M costs are highly driven by fuel and labor costs, which have seen sharp increases in recent years. On the flip side, these costs are increasing at a higher rate than corresponding increases in fares.
- "State of Good Repair" needs are growing: Many transit systems are aging and are in need of re-investment. In many cases, the need to invest in the rehabilitation and replacement of infrastructure far outstrip the need to invest in new capacity. These needs have been well documented by industry groups such as the American Society of Civil Engineers (ASCE) and APTA.

3. Summary of Innovative Funding Sources

The Innovative Funding Team examined a range of potential funding sources that were identified through industry research, as well as additional sources that were identified during interviews with agency personnel. These include:

- Tax Increment Financing
- Special Tax Assessment Districts
- In-Kind Private Sector Funding / Developer Contributions
- Joint Development
- Intellectual Property Rights
- Energy Cost Savings and Development
- Naming Rights
- Toll Revenues

Description of Funding Sources

Tax Increment Financing

Tax increment financing (TIF) is a tool used by local governments to fund transit improvements. In general terms, tax-increment financing is a mechanism for capturing all or part of the increased property tax paid by a subset of properties within a designated area. TIF is not an additional tax, nor does it deprive governments of existing property tax revenues up to a set base within the TIF district. Instead, part of or all of future property taxes (above the set base level) resulting from increased property values or new development are dedicated to paying for the public improvement that caused the value increases and additional development. TIF districts can be implemented in a targeted geographical area, such as the area surrounding a transit station, or in a corridor.

TIF has been used widely to fund new transit improvements. TIF revenues allow state and local governments to fund new projects without having to tap into existing revenue sources or raising citywide taxes. TIF can provide an equitable form of generating revenue from the property owners that will benefit most directly from the presence of the transit improvements.

One disadvantage of TIF financing is that the incremental revenues created by property values tend to grow slowly over time, whereas the capital investment is needed up front; therefore the agency may need to use other public revenues to fund the initial investment. Finally, because TIF revenues are dependent on real estate market conditions, the timing of future TIF revenues are highly speculative from a credit perspective; therefore public agencies may need to pledge other revenue sources toward bonds that are backed by TIF revenues in order to obtain favorable financing terms.

One example of TIF funding is the City of Dallas, which has established a 558-acre Tax Increment Financing district linking the neighborhoods around seven Dallas Area Rapid Transit stations (Figure 2). The purpose of the corridor-wide tax district is to channel the revenue created in neighborhoods with in stronger “sub-districts” to help foster development in weaker ones. Although the TIF revenues are not used to directly finance the initial transportation improvements, the improvements and developments they finance ultimately serve to increase transit ridership and revenues at otherwise underutilized station areas.

Figure 2: DART Mockingbird station, Dallas TX



Special Tax Assessment Districts

Special tax assessments are additional taxes paid within defined geographic areas where parcels receive a direct and unique benefit from a public improvement. Generally, the cost of the improvement is allocated to property owners within the defined benefit zone and collected in conjunction with property or sales taxes over a predetermined number of years. Once the annual assessment collections cover the cost of the improvement (or debt issued to pay for the improvement), the assessment is removed.

Implementation of special tax districts can be challenging relative to other value capture mechanisms, as increases in property and sales taxes are politically sensitive and highly visible to affected property owners, businesses, and local consumers. Before this mechanism becomes politically feasible, it will require additional effort to convince local landowners and businesses that the tax is worth the value of the infrastructure improvement. Once in place, however, they are relatively easy to administer and the additional taxes are collected along with current property tax. Nationally, special tax districts are one of the most common forms of value capture for transit projects.

One example of project funded with special assessment district revenues is the Dulles Corridor Metrorail Project. Fairfax County, Virginia is contributing \$400 million from a special assessment district in Tysons Corner and Reston for Phase 1 of the project. The TIF district applies a property tax that is based on the assessed value of commercial and non-residential development in the district.

The District of Columbia used a special assessment district to help fund the New York Avenue / Gallaudet University station in Washington DC (Figure 3). Landowners in the vicinity of the station agreed to pay a special assessment over the period of 30 years to raise \$25 million in funds for the project. This special assessment is an additional charge on top of usual property taxes that the District collects along with property taxes. The District of Columbia then issued bonds to bring in the capital and repays the bonds using the funds collected through the special assessment.

Figure 3: New York Avenue Metro Station Entrance (WMATA)



Developer Contributions

Local governments often obtain contributions from developers and/or landowners to help fund transit improvements. These contributions can be in the form of property dedications, one-time payments, or

development impact fees. These contributions are usually required at the time of governmental approval for a permit, rezoning, or land use plan amendment.

Some states do not permit local governments to impose exactions upon property owners; however in these cases local agencies are often successful at negotiating voluntary contributions of land or funding from private developers as part of the approval process. The developer of a proposed project will pay the fee, although in most cases the developer will pass the costs of these fees on to the purchasers of the developed property where possible.

Developer contributions or impact fees are often applied to highly localized improvements and provide a clear link between fees collected and benefits received, such as a transit station that serves a specific development. Developer contributions have been used successfully to fill in funding “gaps”, where an agency needs to provide up-front funding for project construction, and are used often in combination with TIF financing or special assessment districts.

Politically, these mechanisms are generally well-accepted, as fees are levied against new development rather than existing residents and business owners. Similar to TIF, the perception that imposing impact fees on new development allows improvements to “pay their own way” may increase public acceptance. However, in some instances, fees have become too onerous and have reduced the competitiveness of certain areas.

Developer contributions are used commonly in many forms, including development impact fees. An example of a municipality that employs development impact fees for transit is San Francisco, where the City’s Planning Code authorizes the imposition of certain development impact fees on new development in San Francisco, including the Transit Impact Development Fee (TIDF). The fee is charged one time to cover the cost of providing transit services over the 45-year useful life of an office building. Revenues are used to fund operating costs of the San Francisco Municipal Transportation Agency (Muni) system.

Joint Development

Joint development refers to arrangements between public sector and private developers to develop assets, such land. Joint development is often used by transit agencies to construct stations, enhance station access, or build parking facilities. Joint development can also be used to attract private developers to adjacent land and properties and stations because of their advantageous access. A private investor enters the joint development agreement to enhance the property in partnership with the transit agency. Revenues can be used for the capital costs of a new project; or, in cases when lease revenues are provided on an annual basis to a transit agency, these revenues can be used to fund agency operating costs.

Many transit agencies have implemented joint development programs that actively seek to leverage the agency’s property to generate revenue from private development. The majority of survey respondents indicated that they had employed some form of joint development in their system.

Joint development can lead to increased revenue, ridership, or both. A Joint development project often enhances the financial viability of a project through the involvement of multiple uses. Additionally, a transit agency can benefit from private sector expertise in land development.

One challenge of joint development projects is that the deals are often complex and may take several years to implement. There are a myriad of Federal and state laws that govern the use of publicly-owned land and other assets. A transit agency will often need to hire outside legal, financial or design experts to help structure a joint development project. Finally, some partnerships have been impacted by a negative public perception that a private developer may be receiving an unfair advantage in the marketplace.

Several of the organizations surveyed for this projects responded that have used, or are in the process of implementing, joint development agreements. These include the Champaign-Urbana Mass Transit District (CUMTD); the Regional Transit District (RTD) in Denver, which is implementing a joint development at Union Station; North County Transit District (NCTD) in San Diego, which is using joint development to develop parking facilities.

The Denver Union Station project is a large-scale joint development project that will develop a multimodal transportation facility and urban center (Figure 4). After extensive renovation and expansion, Denver Union Station will connect the FasTraks light rail, commuter rail, and intercity rail, as well as local, regional, and intercity buses. By 2015, when renovation is scheduled to be complete, 200,000 passengers will travel through the station each day. The station will become the hub for a transit-oriented urban development. Plans call for a private developer to build a brand new neighborhood of housing, retail, restaurants and offices on 20 acres of currently vacant land owned by the RTD. In total, 42 acres of vacant land in downtown Denver, including the station and adjacent land, will be developed. The total cost of the project is \$489 million.

Figure 4: Rendering of the Future Denver Union Station (RTD)



Intellectual Property

Intellectual property (IP) is a term referring to a number of distinct types of expressions for which a set of rights are recognized under the corresponding fields of law. Under intellectual property law, owners are granted certain exclusive rights to various markets, machines, musical, literary, and artistic works; discoveries and inventions; and applications. Common types of intellectual property rights include copyrights, trademarks, patents, industrial design rights, and trade secrets in some jurisdictions.

Several transit agencies have developed technological solutions for operations, communications or security issues that are faced by a wide range of agencies. Often these have been developed using in-house resources and agency staff. As a result, these agencies have identified opportunities to leverage these investments into new revenue sources by selling the rights to these services or technologies, or in some cases acting as “consultants” to other agencies.

For the potential purchasers of intellectual property, benefits can include lower technology entry point, and shorter implementation timeframes for their projects. For the agencies that have developed the intellectual property, challenges can include estimating the value of the intellectual property. In addition, property patent rights are extremely complex, time-consuming, and may require outside legal resources.

Organizations employing the mechanism include:

- Omnitrans, San Bernardino, CA, which has developed an SAP ERP Transit Solution; and
- Utah Transit Agency (UTA), Salt Lake City, UT, which has developed communications solutions through radio equipment.

Energy Cost Savings

Many U.S. transit agencies are instituting policies and programs to reduce energy needs as a means to offset operating costs. In addition, several of the systems surveyed are pursuing opportunities to generate revenue through the implementation of alternative energy technologies; by selling energy that the agency produces to support transit operations; or entering into joint development agreements for energy facilities using publicly-owned land.

Benefits of these approaches include:

- Serving long-term agency sustainability programs goals;
- Developing new, annually recurring revenue streams that can be used for operations; and
- Leveraging existing assets such as publicly-owned right of way.

Some of the challenges with these approaches are the complexity of these deals, and the long lead time needed to implement them. Additionally, there are a range of legal and institutional restrictions associated with the use of publicly-owned assets in public-private partnerships.

Organizations employing this mechanism include:

- SEPTA – Philadelphia, PA - Exploring potential opportunities for joint development of energy facilities
- VTA – San Jose, CA – Instituted solar panels for its maintenance facilities and LED lighting systems
- MARTA – Atlanta, GA – Installed solar panels for its maintenance canopies and LED lighting systems.

Sale of Naming Rights

Many state and local governments across the United States have entered into agreements to sell or lease the rights to name publicly owned or operated facilities, such as stadiums, buildings and other infrastructure. Similarly, transit agencies have begun to explore opportunities to sell or lease the ability for private companies to add their names or logos to transit stations, typically for a defined period of time. These practices are becoming more widely used, and are often viewed as an extension of an agency's current advertising practices.

For the transit agencies, benefits of this approach include:

- Ability to generate revenue using existing facilities;
- Obtaining a recurring source of revenues for operations;
- Establishing a "sense of place" for a neighborhood surrounding a transit station; and
- Developing a positive economic development relationships within the community.

Survey respondents reported on a number of challenges associated with naming rights, including the following:

- Potential perception of unfair commercial benefits;
- Aesthetic concerns within the local community;
- Conflicts with local zoning or signage regulations;
- Brand dilution for the transit agency, which may have invested significantly in establishing the identity for its "brand"
- Multi-year commitments required;
- Difficulty in valuing the benefit of the rights to name a station;
- Potential negative associations with the company or entity involved; and
- Need to Reproduce maps and announcements if businesses change, and do not have the ability to fund these costs under the naming rights agreement.

Based on the survey results, several of the organizations that are looking into naming rights or entering into naming rights agreements include:

- GCRTA, Cleveland, OH – naming rights along the "Health Line" Bus Rapid Transit Corridor stations;
- CTA, Chicago, IL – Pursuing potential naming rights agreements, including the North and Clybourn station, which is known widely as the "Apple Station", due to the proximity to a local Apple computer store; and

- Other systems that indicated they are considering naming rights include: MBTA, CATS, NCTD, and UTA.

Toll Revenues

A toll road (also tollway, turnpike, toll highway, or express toll route) is a privately or publicly built road for which the driver is required to pay a fee, or toll. Toll revenues are the fees or tolls collected as part of the revenue generation mechanism.

There are several examples of multi-modal authorities, such as port authorities that also operate transit systems, which have funded agency operations with toll revenues. In addition many state and local agencies are utilizing toll revenues to cross-subsidize transit projects. These projects or systems may be located in the same corridor as a toll road; or they may be part of a larger regional network. In some cases, states that have used excess toll revenues to help fund transit projects can get credit for these amounts as "soft match" for Federal funds.

The benefits of using toll revenues for transit projects can include:

- May keep the fees charged to drivers within a common multi-modal highway and transit corridor;
- Toll revenues provide a steady, continuous revenue stream year after year; and
- Toll pricing may help manage the overall transportation demand in a corridor and encourage more commuters to use transit instead of driving in a single-occupant vehicle.

There are many challenges to using toll revenues to fund transit, including the following:

- Regions must have existing toll facilities, be in the process of building new facilities, or they have the ability to begin charging tolls on an existing roadway;
- FHWA / State DOT approval processes for converting existing highways to toll facilities, and requirements to apply toll revenues to transportation projects in the same corridor;
- Resistance from toll road users to new or higher fees; and
- Diversion of revenues from roadway funding needs.

Several agencies that are utilizing toll revenues for transit projects include:

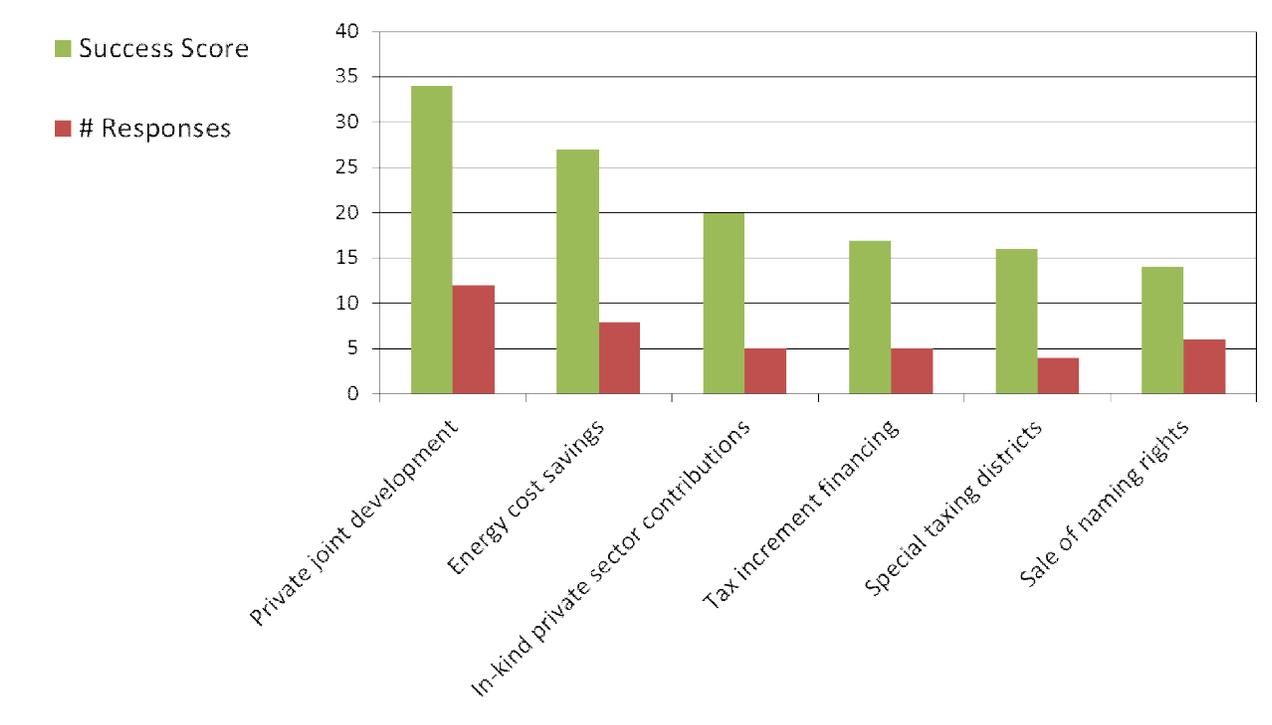
- Capital Metro, Austin, TX – is exploring the potential for toll revenue credits, pending state approval;
- LYNX, Orlando, FL – Use of toll revenue from existing toll roads;
- VTA, Santa Clara, CA – Use of toll revenue from Route 237; and
- Metropolitan Washington Airports Authority, Dulles Corridor Metrorail Project, VA – use of toll revenues from the Dulles Toll Road.

Survey Results

The following graphs illustrate the results of the surveys conducted by the Innovative Funding Team. The “success score” shown in the first graph is an additive score based on interview results. Interviewees were asked to rate the success of the type of funding on a scale of 1 to 5, with 5 being more successful. The score shown in the graph adds the resulting scores for each type of funding. The types of funding sources are sorted based on the Success Score for each.

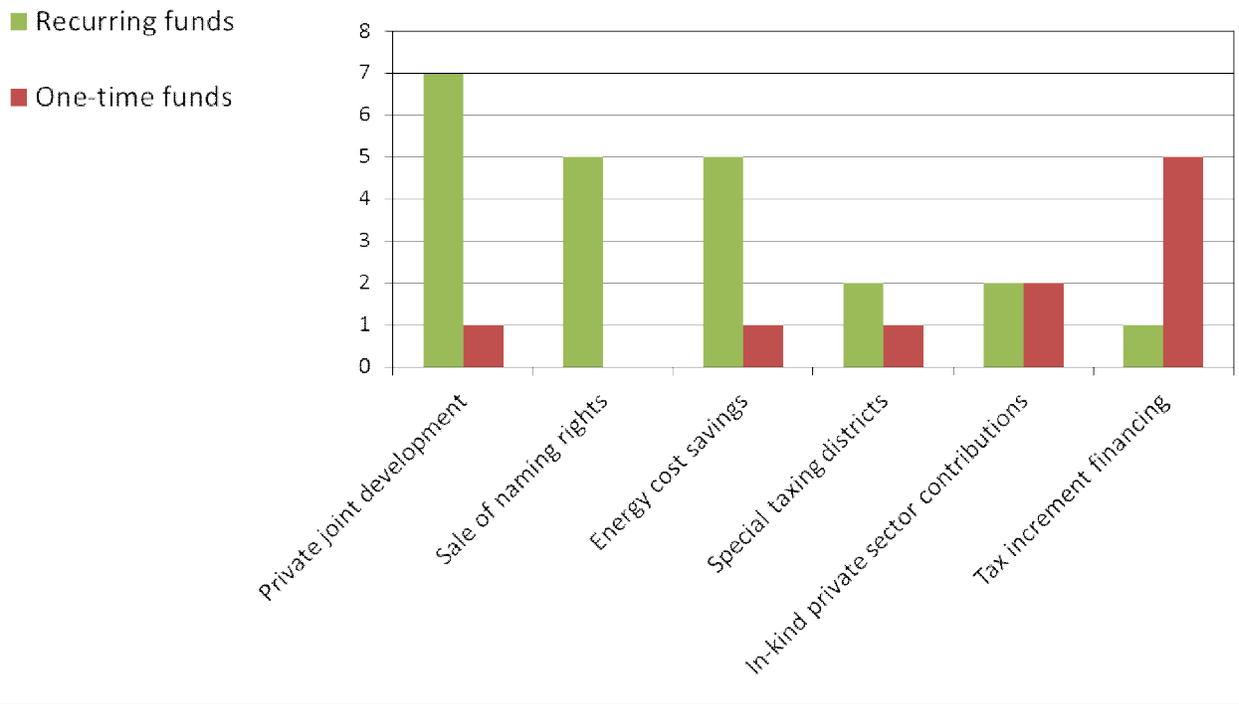
Figure 5 presents the responses for the number of systems that have used the funding sources in the survey, and the respondents’ estimation of the success score for each.

Figure 5: Responses to Types of Funding used and Estimation of Success



The team asked respondents to describe whether the funding source they have used provides a recurring, annual source of funding; or whether they have generated a “lump sum” amount of funding. Figure 6 compares the results of the survey responses.

Figure 6: Type of Funding vs. Frequency



4. Innovative Partnerships

In addition to examining funding sources, this project examined how transit agencies are developing partnerships with other entities to reduce costs, increase revenues, or both. The results of the interviews indicated that partnerships were key to the success of innovative funding mechanisms. Below is a description of some of the partnerships being employed.

Local Government

Most of the respondents interviewed described their local government partnerships as agreements to provide a portion of funding for capital projects, or as taxing type structures set up for ongoing operations funding.

Healthcare

Partnerships with healthcare institutions consisted mainly of negotiations for transit passes for employees at major job centers. Naming rights with large health facilities were also listed as a source of revenues.

Retail Businesses

Several systems have established partnerships with large employers for bulk pass sales, as one form of partnerships with retail business. Other agencies have entered into agreements to leasing space to retail businesses in facilities that are owned by the transit agency.

Utility Companies

Utility company partnerships were used for installing common utility line needs, selling power back through solar or other generation by the transit agency, or negotiations for utility pricing based on bulk use.

State Government

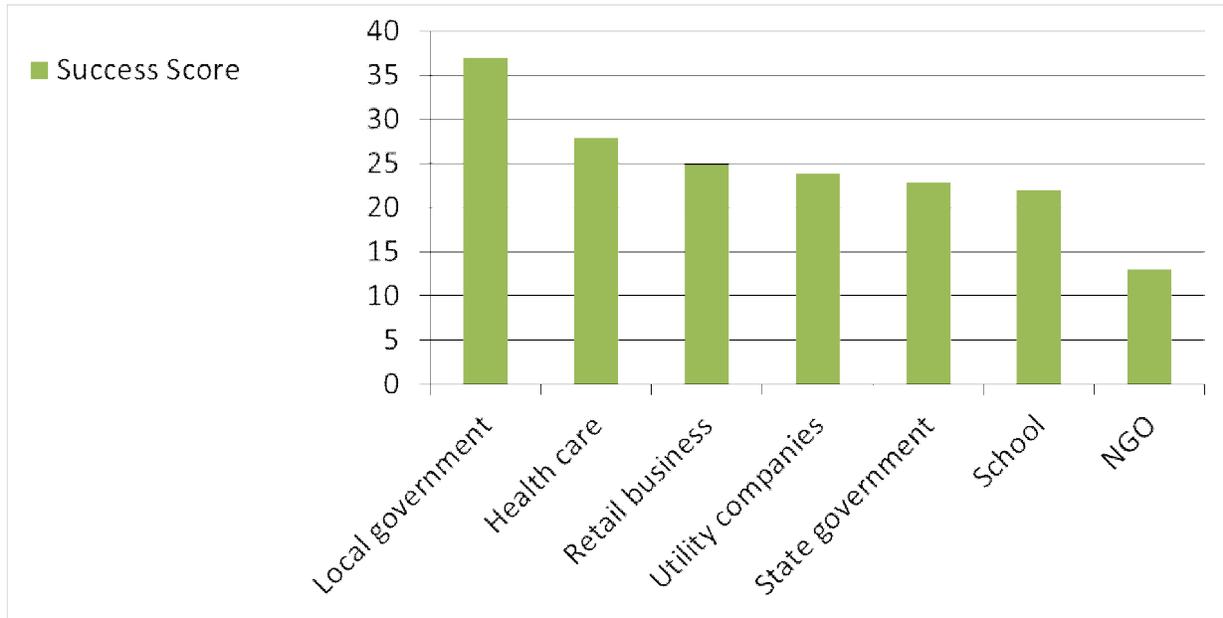
State partnerships had to do with authorizations from the state for the transit agency to operate, and funding of the agencies through authorizations for using property or sales taxes.

Schools

Like healthcare, most school partnerships involve the bulk sale or distribution of transit passes to school systems.

Figure 7 shows the “success score” for the different types of potential innovative partners. The success score was determined based on interviewees’ responses. Interviewees scored the success of each partner type on a scale of 1 to 5. The score shown in the graph adds the resulting scores for each type of partnership.

Figure 7 - Success of Partnerships to Reduce Costs or Increase Revenues



5. Key Findings

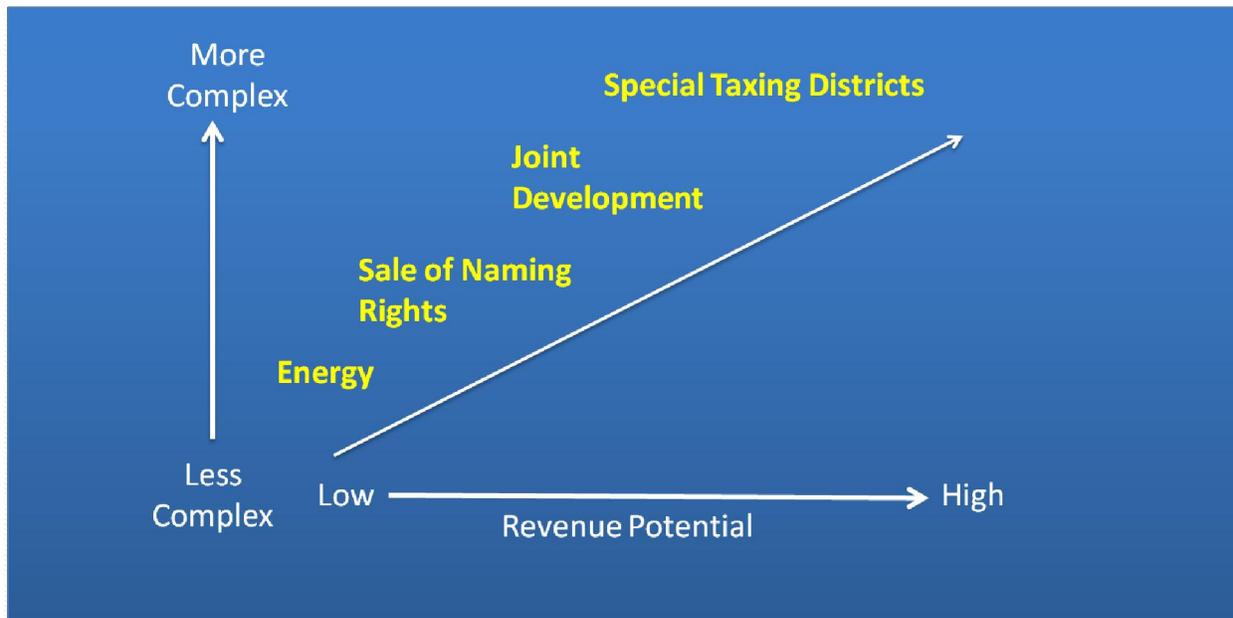
Based on the interview results and industry research conducted as part of this analysis, several common findings emerged. These have widespread implications for other transit agencies that are considering the adoption of these potential funding sources.

Complexity vs. Revenue Potential

Several of the survey respondents addressed the relative complexity for implementing these funding sources, particularly those that are based on new property tax revenues, such as special tax districts, may require substantial resources and decisions that are outside the transit agency’s control. While these may generate substantial revenues in the appropriate context, they may be very costly and time consuming to implement. As such there is a trade-off between complexity (including costs) and revenue potential. Therefore agency considering the use of any of these methods may want to consider the time and human resources necessary, as experienced by the surveyed agencies, when selecting a funding mechanism.

Figure 8 displays funding mechanisms in ascending order starting with those that are more readily implemented, such as energy cost savings, compared to those that require more time and resources to implement, such as special taxing districts.

Figure 8: Relationship between Complexity and Revenue Potential of Funding Sources



Targeted Uses of Funding

Transit leaders are seeking innovative funding measures to address shortfalls in federal and local funding sources not to replace, but rather as a means of supporting planned projects and existing budgets. Contrary to assumptions, innovative funding practices are being used for both capital and O&M budgets, rather than solely for capital projects.

Agency Size

Agencies of varying sizes and resource capability are currently involved in identifying innovative funding sources. Agency size is not a determining factor when it comes to how complex an innovative mechanism is pursued. Leaders of smaller agencies are tackling the challenging tasks to employ joint development, and leaders of larger agencies are willing to diversify their funding opportunities in the use of multiple innovative funding mechanisms.

Survey results and findings from the interview process show a higher level of participation by larger agencies in the use of multiple innovative funding practices. It is believed this is in part due to the larger agencies greater resources and experience (financial and organizational). However, contrary to what was considered a reasonable expectation going into the study, smaller agencies commonly pursue the most complex of the identified innovative funding methodologies (such as special tax districts or tax increment financing). Agency size is not a determining factor when it comes to how complex an innovative mechanism is pursued. However, it seems that agency size may be a factor in the ability of an agency to pursue multiple innovative funding practices.

Partnerships

Partnership becomes more beneficial to agencies' funding future not only on the tangible side but also with intangibles. Partnerships are valuable in increasing the level of professional expertise and efficiency in a project. Within the group of agencies surveyed, innovative funding practices involving partnerships were found among all, regardless of organizational size. Leaders in the transit industry are partnering with NGOs, the private sector and local governments where possible; sharing the risks, burdens and the ultimate benefits of building together. Collaborating to achieve mutually beneficial financial and developmental goals while often reported to be a real challenge, was also unanimously identified as being worth the effort. Partnerships were stated as having the potential of increasing buy in from the public, by adding the credibility of the private sector organization involved in the project or process. At the same time, the private sector benefit from the association with projects perceived as "a public good".

When partnering with private sector organizations, agency leaders face the challenge of ensuring that the public understands the financial goals and risks of the funding mechanism employed. This understanding is paramount. Bill Volk, CEO Champaign-Urbana Metro Transit District offered this advice, "Take advantage of every partnership opportunity. And with the community, be as transparent as you can. Share the rationale (with the community)." Given the complexities of innovative funding practices in general, it is important that the public is not only prepared to reap the benefits of the endeavor, but is also kept apprised of status and expected outcomes of the effort.

Partnerships are invaluable in increasing the level of professional expertise and efficiency of projects. Partnerships also increase buy in from the public by adding the credibility of the private sector involved in

the project or process. At the same time, the private sector benefits from the association with projects that can be seen as a “public good”.

How important will innovative funding be in the future?

When asked this question, all but one agency leader stated that it will be very important in the future to pursue innovative funding sources. Even that one agency leader indicated that their company would be further pursuing the one innovative funding method they had already successfully used. Given the state of the current economy and the increasing demands for federal funds, transit providers are seeking ways to increase the number funding sources for a more robust financial future. The most common limitation stated about innovative funding practices was that most methods were seen as not having large enough funding potential. However, the agencies surveyed are still pursuing innovative funding to fill gaps and diversify funding sources for major investments and O&M.

Several CEOs interviewed indicated two exceptions to these methods having limited funding potential. These exceptions were in the categories of private joint development/TOD, and partnerships with those benefiting from transit. Using transit owned land near stations for intense development is seen by some agencies as a major source of revenue in the future; either by selling to, leasing to, or partnering with developers who can improve and run such developments. Transit agencies are also turning to those who benefit from new or expanded service to partner in providing that service. The ideal here is that if you want the service or the new project you will participate in paying for it.

Such partnerships and private joint development ventures have large potential, but that potential is seen as being realized over a very long term time frame. Large returns on investments now may not come for decades, but those companies interested saw such investment as vital to their eventual sustainability. Because of the long term nature of these partnerships, these funding methods are also harder to implement.

Findings Summary/Lessons Learned

The lessons learned from this research have been summarized to identify common themes for other agency leaders to consider. The following key points were identified in this study and are maintained as lessons learned in this effort:

- Most U.S. transit agencies, especially true of smaller agencies, are researching innovative funding methods, but have not implemented them.
- The most beneficial funding types require long lead times and are complex requiring more expertise, resources and preparations. This requires agencies to be willing to dedicate the necessary effort and possible resources to achieve the goal.
- There is a difficulty in valuing public assets (e.g. right of way, advertising space) as part of deals with private sector partners. A correct assessment of the value both near and long term is often the source of program/project delay.
- Leaders have been largely successful in identifying substantial and sustainable innovative funding by leveraging existing assets for increased long term benefits, investing current worth in real property and land improvements for a greater future value.

The transit industry is growing in the United States and increases in the request for traditional funding sources outstrip current and projected funding levels. A look at the NTD information showed there are far more transit agencies listed as not employing any form of funding outside traditional sources. This points to an opportunity for many transit agencies to consider innovative funding sources. If the information gathered from the agencies surveyed are indicative to the industry as a whole, innovative funding can be an integral part of the way forward toward the future of providing transit across the country.